

Minutes
City of Gresham Finance Committee
Wednesday, July 21, 2010 7 p.m.
Springwater Conference Room

Finance Committee Members Present:

Tony Palermini, Chair
John Kilian, Vice Chair
Richard Anderson
Mike Bennett
Gregg Marshall
Sue O'Halloran

Sarah Gulde (Recording Secretary)

Finance Committee Members Absent:

Ron Ritter

Council Members Present:

Paul Warr-King, Councilor

Staff members in attendance:

Deborah Bond, Finance and Management Services Director
Wyatt Parno, Finance Manager
Sharron Monohon, Management Analyst
Mike Abbate, Urban Design and Planning Services Director

Guests

Dave Dyk

1. Convene Meeting

Chair Palermini convened the meeting of the Gresham Finance Committee at 7:00 pm.

2. Public Comment

None.

Dave Dyk introduced himself as the soon-to-be new member of the Finance Committee. Mr. Dyk said he works for Umpqua Bank as an auditor of technology.

3. Minutes of June 16, 2010

A motion was made by Vice-Chair Kilian and seconded by Mr. Bennett to:

“Approve the minutes for the June 16, 2010 Finance Committee meeting with the following changes:

- **On page 1, under GDDA & Visitor’s Center Agreement Next Steps, the last line should read “...and have staff develop the AGREEMENT and bring it back to the Committee for approval.”**

- On page 3, seventh bullet down should read “When grants are received, USE the offsetting dollars for reserve.”

MOTION CARRIED UNANIMOUSLY

4. Election of New Officers

Mr. Bennett nominated Vice-Chair Kilian for Chair. The motion carried unanimously.

Mr. Bennett was nominated for vice chair.

Ms. O'Halloran noted that Mr. Bennett has served as vice-chair twice and doesn't think he is eligible to serve in that capacity again.

Ms. O'Halloran nominated Mr. Marshall for Vice-Chair. There was no second. Councilor Warr-King pointed out that if Mr. Kilian is elected to council he would have to step down from the Finance Committee.

It was decided to postpone the nomination of vice-chair so that staff can look into Mr. Bennett's eligibility for the position. Mr. Marshall moved to table the appointment of the Vice-Chair. The motion carried unanimously.

5. Organizational Changes Within the City

Ms. Bond explained that City Manager Erik Kvarsten has announced some organizational changes in areas that affect the Finance Committee. Ms. Monohon has been appointed to serve as the budget manager. Her title has not yet been finalized, but she will be working directly with Mr. Kvarsten on budget development. Ms. Bond said that the analysts from each of the departments will be combined into a new division under Ms. Monohon's leadership. The analysts will still be located physically in their departments, but the reorganization will allow them to work more closely together and to better utilize resources.

Ms. Monohon said she is here tonight to introduce herself and discuss the transition. Ms. Bond will still be the liaison for the Finance Committee and will work closely with Ms. Monohon and the City Manager when the Budget Committee convenes.

Dr. Palermini asked who will be presenting supplemental budgets now. Ms. Monohon said that she will be doing that. She said ideally she'd like to coordinate the supplemental budgets for FY 2010/11 so there are not quite as many as there were last year.

Ms. Bond said that the City Manager did ask that a budget analyst be present at future Finance Committee meetings. She said that there are still many details to be worked out but that they will keep the Committee informed as things go along.

Mr. Bennett said that he thought it was a good move and he has confidence that this is the right thing to do.

Chair Kilian asked that as soon as the kinks are worked out the committee be given a complete description, flow chart, etc. to clarify everything. Ms. O'Halloran agreed and said is helpful to see that chart to help us understand how everything fits together in a bigger context.

ACTION ITEM: Provide the Finance Committee with a complete description, flow chart, etc. with the new organizational changes when it is completed.

Ms. Bond said we are at the beginning of a work in process. She said there are other work groups in the City that are reorganizing as well. Ms. Monohon said it may be a couple of months before everything is solidified.

6. Topics for FY 2010/11 Meetings

Ms. Bond explained that there is a draft in the packet with future meetings topics and asked if there is anything the group would like to add.

Other suggestions from the Committee included:

- Presentation on how turnback works (projection and actual) – Schedule for September
- Joint work session with City Council if needed for specific topics
- Finance Committee input in to Council Work Plan
- Financial policy review
- Council Work Plan is a good focal point for Finance Committee topics
- Green Ribbon Task Force report on park funding – possibly October 20th meeting

7. GDDA/ Chamber Agreements

Ms. Bond said that she didn't have a draft agreement to show the Committee today because she needed further discussion with the group. She handed out information from GDDA's presentation back in March and reminded the group when GDDA presented to us last March we asked what they would do with \$35,000. She said they responded with a program or project cost breakdown. They told us if they had that money, \$6,700 would go to street tree lighting (adding additional 21 lights), \$8,400 to flower baskets (41 baskets), leaving about \$20,000 for administrative services which includes streetscape management and main street program development. On the second page they provided a narrative report addressing the four points of the Main Street Program and how they'd be reporting back to the State. Ms. Bond said she would like the Committee's comments.

Dr. Palermini said he could see the project costs with the street trees and flower baskets, thinks that the administrative service things seem rather general.

Ms. Bond said she that the administrative service funds were specifically for the streetscape management and the main city program development which has four specific program areas: business development, design, promotion, and organization. There are specific goals here that they are able to tie some measurements to and be accountable for.

Mr. Bennett said a standard format would be preferable as opposed to a separate project-related format so we can see how money was spent and ensure it was spent appropriately. The money needs to be tracked so there is enough granularity so we can see that it was in fact spent appropriately on the goal.

Ms. Bond said that what Mr. Bennett is describing is different than financial reporting and more like an audit. She said that's where the narrative part helps to develop project costing

for specific areas. Mr. Bennett said a project cost statement accomplishes the goal and meets the requirement for transparency.

Ms. O'Halloran agreed and said we're on the right track. She said there is no intent from the Finance Committee to micromanage GDDA, but rather to have something understandable for people that aren't involved that we could defend.

Ms. Bond said the kind of reporting we would want on the EID funds is more an operational statement that would be easier to understand than what we have so far. She said it's similar to how the City reports by funds.

Dr. Palermini said while we have talked about GDDA having a board to oversee the details and that the Finance Committee doesn't want to micromanage them, what do we do about items such as meetings and meals that have been overspent.

Ms. Bond said that would be a concern for their board, but also a concern to Council. She said she doesn't want to scrutinize their line items any more than we do here in the City if the total program is still within budget it wouldn't be an issue to Council. What would be an issue is if they start running a cash deficit and exceed their total budget. In this case, the Council has the prerogative not to renew the EID.

Chair Kilian said since the money comes from several sources and gets mixed together, how you report on it depends on what you do with it. Ms. Bond explained that the formation of the EID was driven by the property owners and Council, as the legal governing entity, had to be approved by both in order to form the district. The City does the assessment and collects the money. She said if the property owners aren't getting their bang for the buck they will veto out the EID.

Mr. Bennett said we want to look at it from a high level like we do with the budget for the City. He said the EID and City contribution funds should be separated like two different funds. He said the reporting formats could be different with one having an operational statement and the other having a project cost statement. That accomplishes the transparency goal. Ms. Bond said that it makes it better for the annual reporting to the Finance Committee before budget and then the following year there may be more input into what is needed.

Ms. Bond said the next agreement is to operate the Visitor's Center. The report that the Chamber gave us was a high level view for the total Gresham Area Chamber budget with an allocation for the Visitor's Center. She said she isn't sure what the best measurement is to show direct expenses. They tried to give us some ideas for plan for funding such as how many visitors call, what information they request and other items that need tabulation.

Chair Kilian said that since GDDA and the Visitor's Center both receive other grant money we should just look at what the money we are providing goes for.

Ms. Bond said she's seeing that what they are doing is operating a center rather than doing a program or project.

Mr. Parno said it's almost the opposite of GDDA. With the Chamber you have a person sitting there all day operating the Visitor's Center while with GDDA there are programmatic accomplishments.

Chair Kilian it is not a problem to track if the grant money goes for something specific we can get a handle on versus going into a pool of money with nothing measurable to track.

Ms. Bond said that in their 2009 report, the Chamber told us they would use the funds for a website. The website is still under construction and these funds didn't help them develop the website further. She said Council needs to decide if they want the money to go for a website or if it is just for running a Visitor's Center. She said there are still funding gaps.

Mr. Parno said when the Chamber did their 2010 report they said if they had 10% more or less funding they specified they would use it towards improvements to the website and it wasn't part of the improvement packages.

Mr. Bennett said the visitor's website for the City is a business expense and is a function that the City deems necessary to support the community and attracts business to the community. He said that is what the Visitor's Center is about – to promote Gresham. He said we need to step back and ask if we are getting the bang for our buck from the Visitor's Center, if it is most appropriately located in the Chamber, and if we should continue to fund it. He said we need to get a handle on what the metrics need to be and what the expectations from the City are for advertising and then determine if the Chamber is meeting those goals. That would be a way to evaluate if we are getting the benefit from the funds we are providing.

Ms. O'Halloran said she thought we were after an agreement that did specifically state the responsibilities. Ms. Bond said that the Chamber uses their resources wherever they are available to them so it's difficult for them to report on those funds because they are not separated out into a separate fund by itself with identified staffing and expenses. Ms. O'Halloran suggested that we make it part of the agreement that there be a separate fund for it.

Ms. Bond said more conversation with the Chamber is needed.

Councilor Warr-King said that there will soon be a new president of the chamber. Last Friday an announcement was made that the financial situation of chamber is stretched and they are struggling. The board formed a special finance committee, chaired by Ron Ritter. This committee will start looking for sources of funds. They are losing members because of the economic environment and the charge of \$5 per person for the Friday a.m. program has met with resistance from the members.

Councilor Warr-King said he has talked to the president of the Chamber, Bob McDonald, about tying the amount the City gives to the Visitor's Center to the hotel/motel tax.

Ms. O'Halloran said she thinks it would be good to include Ron Ritter in the conversation. Dr. Palermini said it's amazing how much time has been spent on allocating this money and it's time to put this to bed because we have been working on this a long time.

Ms. Bond asked the Committee members for direction. She asked if the Committee should sit down with the chamber. Councilor Warr-King said it is an opportune time to do this. Chair Kilian said part of the difficulty in creating the agreement is that the funding can go many different ways.

Ms. Bond said the question is what outcome the Council wants from granting this fund request. Dr. Palermini said Council originally gave the money for the website and the notion that there would be more complex marketing of Gresham on a national level.

Ms. Bond said the funds were increased with the idea that Council was subsidizing the Visitor's Center that was really costing \$52,000 a year to support. She said that in reviewing the financials she can't say that this allocation is truly what it costs to run this Visitor's Center because the information provided is too general.

Ms. O'Halloran suggested that two members of the Committee work with Ms. Bond to draft the agreements and volunteered to help. Ms. Bond said she can move forward with some sort of an agreement. She said she is thinking of structuring the agreement by outlining the things they said they were going to use the funds for and then working with the Finance Committee over the next twelve months to better define the outcomes for Council.

Mr. Bennett said that there needs to be working sessions with the Chamber to develop a measurement technique so that we have transparency and clarity into where the funds are being allocated. He said they need to understand that if they are using funds that are out of balance with what we think the value is, we need to talk about it. Chair Kilian suggested that we prorate the \$52,000, for example, give them \$13,000 for the next three months while we meet with the Chamber to work out the details. Ms. Bond agreed and said she would work with Legal to draft an agreement that shows how the funds are being used. Chair Kilian clarified that the agreement would be for July through September. Ms. Bond agreed.

8. Our Parks, Our Future Update

Mr. Abbate gave an update on the Our Parks, Our Future effort. Mr. Abbate acknowledged the efforts of the Finance Committee and Dr. Palermini (who is the chair is the Green Ribbon Task Force) regarding this issue. He said that our parks have been suffering from major distress. He said the master plan that was adopted by Council last October indicated to bring Gresham's parks up to a low level of service (according to national standards) would cost nearly \$300 million. Mr. Abbate said above that \$300 million Gresham has a \$32 million backlog in deferred maintenance. This backlog includes items like \$1 million for bridge repair and maintenance to \$100,000 to replace play equipment.

Mr. Abbate said when the Council adopted the Parks Master Plan they asked parks to develop projects to be included in the 2010 Council Work Plan. That was done and is now called "Our Parks Our Future."

Mr. Abbate said a contractor was hired to do a study on what residents want for parks and recreation. The consultant came up with eight potential funding recommendations and he thinks they will present three or four of these recommendations to Council at the August 17, 2010 meeting.

Mr. Bennett asked what the main financial difference between the parks district and the other options. Mr. Abbate said that the parks district would create an entity that has taxing authority to create a tax at a rate voters set. Ms. Bond said it is not like an economic improvement district but a permanent special district and it becomes an overlay of a city or county government.

Dr. Palermini asked what the cap is on how much local government can get per household under Measure 5. Ms. Bond said it is \$10 per thousand of real property value and Gresham is very low in that \$10.

Dr. Palermini, who is chair of the Green Ribbon Task Force, talked about how important it is for Gresham to do more for parks and the need to provide for a recreation program for kids.

Councilor Warr-King noted that 60% of people in the city live in apartments and asked if apartment voters were included in the phone survey. Mr. Abbate said that the criteria was people that were likely to vote.

Councilor Warr-King said that when the fire district was up for a vote there was a compromise that would allow more funding by parks, but the district was shot down by a committee because they were afraid that the tax rate would go up.

Chair Kilian said that it is too bad that while we are losing police and fire services, hardly anyone thinks about parks funding being lost. We need to start an education process to guarantee funding for parks.

Mr. Bennett said at the Saturday Market last weekend there was a small stand that was promoting dog parks. He said he heard comments about the difficulty of getting access to use the parks. The groups have people willing to maintain the parks, but run in to stone walls trying to get the permission to use the city owned land. Mr. Abbate said we get dozens of requests from groups who want to do things in parks and they have to follow certain standards. He said a dog park can be very controversial. He said at this time Parks doesn't want to add additional things that require maintenance without a master plan.

Ms. O'Halloran said that this is a process that we have to be patient with that will require marketing through the process from a passionate group and staff. She compared it to the process for setting up the urban renewal district. She said Police and Fire funding should be looked at completely differently.

Mr. Bennett said that it's important to have a consistent educational process when trying to get community support.

Mr. Abbate encouraged Committee members to contact him with any ideas about messaging and communications.

Chair Kilian said that there would be more information available on October 20th and will be able to review more in a few months.

9. Committee Business

Ms. Bond reported that we received four applications for the Gresham Arts & Cultural Assistance Grant. She explained that we received four applications:

- Center for the Arts for Music Mondays
- Center for the Arts in collaboration with the Historic Downtown for Third Thursdays
- Sister City for a city student exchange program
- Rockwood Business Coalition for a one-day Christmas festival from a cultural perspective at the Plaza del Sol.

Ms. Bond said the evaluation team included Gregg Marshall, Paul Warr-King, Dottie Lauritzen from the Art Committee, and four citizens at large. She said we had about \$11,000 to give out with a maximum grant to any one entity of \$3,300. She said the evaluation team is ranking the applications now and will meet on July 27th to discuss the awards. Council will approve the grants at their August 17, 2010 meeting. She said that we will probably not give out all money in this round. She said we may open it for another round of applications or carry it forward to next year.

10. Good of the Order

Councilor Warr-King said he would like to extend congratulations to Ms. Bond, Mr. Parno and the city staff on work they did to bring the solar plant to Gresham and the Human Solutions Section 108 HUD loan that was put together with the New Market Tax Credits.

Ms. O'Halloran said she thought Tuesday was a big day in the city's life because we got approval for new public art, a new business in town, and doing something significant with Human Solutions. She said staff should be congratulated.

11. Meeting Adjournment

Chair Kilian adjourned the meeting at 9:02 p.m.

Next regular Finance Committee meeting will be **August 18, 2010 at 7:00 in the Springwater Trail Conference Room.**

John Kilian, Chair

Sarah Gulde, Administrative Assistant